

For additional Conflict of Interest Questions not addressed in this or the bidder's conference, please e-mail Geoffrey Dryvynsyde at gbd@cpuc.ca.gov and cc Karen Miller (knr@cpuc.ca.gov) and Ivan Jen (ivn@cpuc.ca.gov)

Various Conflict of Interest Questions:

Q: If we were to accept a small project from the AT&T corporation to produce some informational materials about their Video Relay Service and Internet Relay Service would that be a conflict of interest and therefore disqualify us, as described in section 4.3.2.a of RFP 03PS5427 ULTS Marketing Program?

A: In your e-mail message, below, you ask about section 4.3.2a of the ULTS RFP. That section creates an automatic disqualification for any company that has, "Current contracts/employment, investment in, or an affiliate relationship in an incumbent local exchange carrier or competitive local exchange carrier doing business in California."

You propose a hypothetical in which you enter into contract with AT&T to produce informational material. In your hypothetical AT&T is assumed to be a competitive local exchange carrier. You limit your question to the provisions of the ULTS RFP, not the conflict of interest provisions in any other contracts or active proposals you have with or before the Commission.

Section 4.3.2a of the ULTS RFP automatically disqualifies bidders who have contracts with competitive local exchange carriers, and you ask us to assume that AT&T is such a carrier. Under these circumstances there is no conclusion other than that the automatic disqualification provisions of Section 4.3.2a would apply to your firm if you entered into a contract with AT&T.

Q: I'm back with another "conflict of interest" question, having already spoken with Karen Miller about the above mentioned RFP in reference to the same potential contract which we might have with the AT&T corporation to produce two short videos about their Video Relay Service and Internet Relay Service. You may recall that this potential work would not be considered a conflict of interest by the CPUC in regards to our present work for the Deaf and Disabled Telecommunications Program of the CPUC.

In reference to the "conflict of interest" disqualification described in section 4.3.2.a of the RFP, would we be disqualified as a bidder if we accept to do make these videos for AT&T?

I assume that AT&T could be considered a "local carrier" now.

If you need any details about this potential video production job for AT&T I can describe it more!

I understand. However in reference to our DDTP contract I do have a specific additional question:

Q: If we as a prime contractor were to subcontract CCAF [Ivan's Note: CCAF currently administers the Deaf and Disabled Telecommunications Program] in our bid for the ULTS contract, would there be any conflict of interest regarding

- our DDTP contract ?
- being considered for the ULTS contract?

A: I was under the impression that the question had been answered at the bidders conference, following discussion with Karen Miller. In case you did not receive any information at that time, I have copied my discussion of the issues into this e-mail. If there are any discrepancies between this e-mail and what you were told at the bidders conference, please contact me for clarification. As with your previous question, this material will be made available to other bidders.

OneWorld has asked whether a conflict of interest would arise if OneWorld were to bid on the ULTS contract with CCAF as a sub-contractor. It appears that none of the conflict of interest

provisions would expressly preclude OneWorld from adopting such an arrangement. For example, CCAF is not a local exchange carrier.

However, a complete answer to this question requires an analysis of CCAF's current operations. This is a factual analysis that I encourage OneWorld to engage in with CCAF. For example, Section 4.3.2 of the RFP contains restrictions on former employees contracting with the State under certain circumstances. Former state employees who were "engaged in any of the negotiations, transactions, planning, arrangement or any part of the decision-making process relevant to the contract," or were employed by the CPUC or others "in a policy-making position in the same general subject area as the Request for Proposal" may not contract with the Commission to provide services under the ULTS RFP. OneWorld should consider, in conjunction with CCAF, whether a bid that includes CCAF as a sub-contractor could meet those requirements. By way of further example, OneWorld should consider whether CCAF's work on the California Relay service would amount to a "special relationship" with the carriers providing relay service under Section 4.3.4 (b) of the RFP, or would amount to an impermissible "business incentive" under Section 4.3.1 (a) (3) of the RFP.

The two examples I provided above are designed to show that this question cannot be answered without a more detailed presentation of the facts involved. Similarly, this answer is not designed to determine if CCAF's own governing documents would allow CCAF to work on ULTS matters. I suggest that OneWorld discuss this further with CCAF and explore the underlying factual situation. If OneWorld and CCAF identify and specific potential conflicts of interest I would be happy to review those specific issues.

Q: I am writing regarding the **CA PUC RFP** to develop and implement a statewide marketing and outreach campaign to promote awareness and availability of **Universal Lifeline Telephone Service (ULTS)**.

On page 22 of the RFP under 4.3.1. **Conflict of Interest** it states that automatic disqualification would happen if there were "current contracts/employment, investment in, or an affiliate relationship in an incumbent local exchange carrier or competitive local exchange carrier doing business in California."

We have a potential sub-contractor who does work with AT&T, but only on their long distance service. Would this still be considered a conflict?

A: The disqualification standard in section 4.3.1 applies to those companies that do work with a local exchange carrier. There should be a more detailed response on this topic on the web site, since we provided an answer to another potential bidder in a similar situation.

Q: 1. XXX Corporation is currently under contract--it will end this July--to SBC and Verizon (jointly) to do a CPUC mandated study of who the eligibles are for lifeline phone service. This is a study done at the behest of CPUC and not the companies and the CPUC will be the prime user of the data. It is a public policy (regulatory) study as opposed to a commercial one and the companies are only doing it to be in compliance with CPUC regulations. We are, for example, working with Verizon and SBC regulatory personnel to implement the work, not marketing people. Question: would this work constitute a conflict of interest for XXX as a research and evaluation subcontractor to a public relations firm competing for the CPUC ULTS marketing contract?

2. In terms of the "moving forward" portion of the conflict of interest rules, are only XXX employees working on the ULTS marketing project prohibited from working for a carrier over the contract term or are all company senior management even those not working on the project? Specifically, would our CEO and the Vice Presidents **not engaged on the marketing contract**

be able to do work for a carrier during the term of the CPUC marketing contract? Based on how the RFP is worded it is not clear to us whether all senior management are conflicted out or only those engaged in the CPUC marketing project.

A: The first question is yes, that is a conflict.

The answer to the second question is that going forward the company is not permitted to work for a carrier. Those staff who work on the project are not permitted to have a significant investment in (or a second job with) a carrier. The same restriction applies to the senior management of the firm regardless of whether those individuals are working on the matter or not. As I said, the proposition that senior management for the firm could work for an incumbent LEC just not the staff involved in ULTS is a very odd reading of this requirement.